



Doncaster Council

**Preventing and Detecting
Fraud and Error**

April 2016 to September 2017



Introduction – The Overall Picture



Doncaster Council is committed to protecting the public purse and preventing (and detecting) fraud and corruption against public monies and errors resulting in losses.

The nature of the Council is constantly changing. This means that the Council's approach to counter fraud and error work is constantly under review. Fraud investigation and counter fraud resources for the Council have reduced over the last 2 years, primarily

because of the transfer of the responsibility (and associated resources) of the investigation of Housing Benefits Fraud to the Single Fraud Investigation Service within the Department of Work and Pensions. This was reported in the 2015/16 Annual Fraud Report.

The investigation of fraud within the Council is carried out mainly by Internal Audit, although investigation work is also undertaken within Parking Enforcement in respect of Blue Badge fraud and within Revenues and Benefits in respect of Council Tax and Business Rates.

This report documents the Council's activities in respect of fraud prevention, detection and pursuit, and reports on both proactive counter fraud work and responsive investigative work. Our strategy in this respect is documented in the Council's Anti-Fraud and Corruption Framework which is available on the Council's internet site at <http://www.doncaster.gov.uk/>. Our strategy is aligned to the Government's Fighting Fraud Locally 2016-2019 strategy (shown visually below).



Information within this report is required to be published under the Government's Transparency Agenda.

The report also includes steps taken by the Council to minimise errors, which may or may not include fraud.

The Overall Picture

The Council remains exposed to fraud risks but is consciously aware of them and their affects and takes proactive steps to prevent and detect fraud across the Council.

The overall level of fraud experienced by the Council remains very low for a council of this size and proactive detection and data matching is helping to further mitigate any such risks. Because each of our activities is different, consolidating everything into 1 set of figures is not appropriate. Instead, KEY STATISTICS boxes against all activities give information on the success (and context) of each of our activities individually.

The remainder of this report documents our counter fraud and investigative activities for the period April 2016 to September 2017.

Counter Fraud Activity – Acknowledge

The shape and activities of the Council are constantly changing to keep pace with the changes in economy, society and political environmental within the UK. These developments present new and changing fraud risks that must be taken into account to effectively tackle fraud and corruption.



Roles and Responsibilities



- *The Council has a duty to protect the public purse in all of its activities.*
- *The Council's Anti-Fraud and Corruption Framework outlines the roles and responsibilities across the Council in fraud matters.*
- *Internal Audit remains a key player in the investigation, prevention and detection of fraud.*
- *It remains the responsibility of managers throughout the Council to implement robust controls that prevent and detect fraud where it occurs.*
- *Since 2015/16, the Council no longer has responsibility for the investigation of Housing Benefits Fraud which transferred to the Department for Work and Pensions.*

Fraud Risks

- *The Council has a Fraud Risk Register that is in use that is currently maintained by Internal Audit. This is a very comprehensive list containing 30 different fraud risks. Fraud risks now need to be developed in service risk registers.*
- *Discussions are programmed for quarter 3 and 4 2017/18 to review directorate level risk registers which may then be included on the Council's Pentana Risk Management System for future monitoring.*



Training and Awareness



- *Training was delivered to 98 officers and 20 elected members in February / March 2016.*
- *A new e-learning course has now been completed and will be rolled out across the Council in Quarter 3 2017/18. This is aimed at all staff.*
- *Fraud and awareness sessions are routinely delivered to new starters and new managers at St Leger Homes.*

Counter Fraud Activity– Prevent and Detect

The Council aims to prevent fraud through robust internal controls and governance arrangements controlling how the Council is run. These arrangements are the subject of audit reviews and are reported regularly to the Audit Committee.

Detection, however, comes in the forms of many different initiatives.



The National Fraud Initiative (NFI)

The Council actively participates in the NFI annually run by the Cabinet Office. The NFI matches the data of over 1,300 public and private sector bodies in order to identify data conflicts and anomalies that could be fraud or error for investigation. This is a significant piece of work for the council.

NFI matches are released annually and data checks on any potential anomalies are carried out on a 2-yearly cycle. The Council also has its own internal arrangements to detect and address potential fraud and errors (in particular the Council has its own software that runs checks on a daily basis for potentially duplicated creditor payments).

Outcomes

The 2 identified fraud cases relate to a single person who was on the council house waiting list. This individual was an immigrant who no longer had the right to remain in the UK and had no entitlement to social housing. This individual has now been removed from the housing waiting list.

Detected errors are usually related to data quality or timing issues. These are being corrected as appropriate as the work progresses.

Key Statistics

NFI Reports Released	122
Matches Reviewed to Date	1,481
Matches Still to Review	3,795
Frauds Detected	2
Issues Still Under Investigation	64
Errors Detected	65

Counter Fraud Activity– Prevent and Detect



Blue Badge Fraud

Blue badge fraud occurs where individuals use a blue badge (issued to someone with reduced mobility) without any entitlement to. This can include the use of badges by family or friends where the disabled person is not present or the use of badges where the individual the badge-holder has deceased.

- Blue badge fraud takes up valuable spaces for less mobile and / or elderly persons and reduces Council parking revenue.
- 12 future operations are currently planned for the remainder of this year to detect further cases and act as a deterrent to anyone considering misuse of a blue badge.

Key Statistics 2017/18

Formal Cautions	4
Awaiting Court Date	3
Prosecutions	3

Single Persons Discount Reviews

Residents living alone can make a claim for a 25% reduction in their Council Tax – the Single Person's Discount. 30,000 residents in Doncaster claim the discount of an average of around £250 per household each year. In January, 2017 the Revenues and Benefits Team commenced a review of households making claims in conjunction with a credit checking company which is able to check whether more than one person is financially active in any individual property.



Where the data matching indicates more than one person lives at any address, a letter is sent to the Council Tax-payer seeking confirmation about the current number of occupants. The responses (or failure to respond) have the dual benefit of enabling the Council to update its records and / or cancel discounts given.

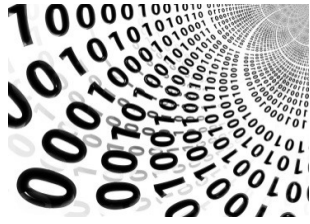
To date, 14,639 accounts / households have been reviewed. **782 discounts have been cancelled**, representing a cancellation rate of 5.3% of the accounts reviewed.

This is estimated to bring in £195,000 of additional income to the Council.

Key Statistics

Number of households claiming single persons discount	30,000
Household accounts reviewed to date	14,639
Number of discounts cancelled	782
Value of Single Persons Discount Cancelled	£195,000

Counter Fraud Activity– Prevent and Detect



Internal Data Matching Initiatives

Doncaster Council holds lots of information in lots of different information systems. This information can be analysed and cross matched in order to detect fraud and error. 3 different initiatives have been undertaken during the year. These are highlighted here.

Creditor Invoice Matching

The Council runs software on a daily basis that seeks to highlight potential duplicate payments (i.e. the same invoice submitted for payment twice). Any actual or potential duplicate payments identified by the data matching exercise are reviewed by the Council's Accounts Payable team and payments cancelled or recovered as appropriate. This data matching is also run for St Leger Homes and the Doncaster Children's Services Trust. **Over £2.8m of potential duplicate payments has been prevented since April 2016.**

Key Statistics

<u>Year</u>	<u>Number of Invoices</u>	<u>Value Prevented</u>
2016/17	115	£2.5 million
2017/18 to date	45	£0.3 million

Payroll to Creditors Matching

Internal Audit runs data comparisons on a monthly basis between Payroll and Creditors data in order (1) to detect employees who are incorrectly remunerated through the creditors payments system or (2) to identify any potential conflicts of interest between Council employment and other external business interests that are improperly managed and could expose the Council to fraud.

Key Statistics

Number of matches reviewed	1,353
No substantive issues found	1,343
Conflict of Interest Found and Resolved	1
Employees Incorrectly Paid Via Creditors	*9

* These records relate specifically to Best Interest Assessments carried out by staff and paid incorrectly through the Creditor Payments System.

Conflicts of interest occur when the private activities of employees conflict with the activities of the Council. Not all matches will reveal an actual conflict of interest, but where they exist, there is potential for these to be exploited to the detriment of the Council. Resulting matches are investigated and acted on as appropriate.

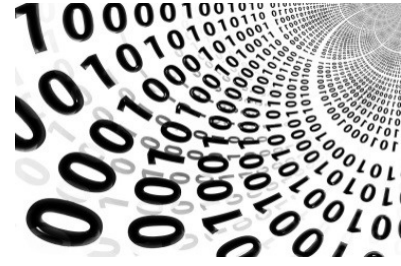
The results have provided generally good assurance over payments made, with only 1 Conflict of Interest found and 9 employees receiving payments incorrectly through the Creditors Payments system.

Counter Fraud Activity– Prevent and Detect

Housing Tenancy to Council Tax Matching

An exercise was undertaken by Internal Audit in July 2017 to match information on housing tenancies to council tax data.

This data matching attempted to identify discrepancies between the systems worthy of further investigation such as where the Council Tax payer is not listed as a housing tenant (or other person listed as at the address as per St Leger Homes) or where there is a joint tenancy in place where there is a single persons discount in place.



Key Statistics

Total Number of Properties Matched **20,073**

Number of Matches to be reviewed **2,325**

Investigations are underway. There are no current results to report at this time.

Matches identified do not necessarily mean fraud or data error has occurred. Where single persons discount is in place for example, one of the joint tenants could be in the armed forces meaning that whilst there is a mismatch, both record sets are correct.

These matches have been issued to St Leger Homes for review and action will be taken where appropriate. Where, after review and verification, a discrepancy still exists with Council Tax Single Persons Discount, these matches will be looked at by the Council and investigated as appropriate.

Counter Fraud Activity– Pursue

The Council aims take action against any fraud that it detects during any of its activities.

The pursuit of individuals responsible for fraud is on 3 main levels.

- 1) Internal pursuit through the disciplinary policy
- 2) Civil recovery of any losses
- 3) Criminal action where possible through the Police and Courts.



The cases listed here give as much detail as possible under the Data Protection Act. Where a case is ongoing, any information that could prejudice the case has been withheld.

Internal Audit Services has worked on the following cases in the 18 months to the end of September 2018. Values have been quoted where it is appropriate to do so.

School Repairs

Work is ongoing regarding a suspected fraud with a school contractor for work invoiced that was not completed. Details of this case cannot be released as this case is still under review. Work is underway to investigate the issue and progress it with the Police as appropriate.

Market Rents

A concern was raised by a member of the public (a market trader) regarding what they believed to be an inappropriate charging of rents between different stalls within Doncaster Markets.

These issues were looked into. The concerns were unfounded and charges were properly made in line with lease agreements.

ICT Equipment

The loss of ICT equipment (new equipment) was detected within the year by the ICT Team. Newly delivered equipment had been removed from storage areas and could not be located. The position was exacerbated by weak inventory controls in place at the time, which meant the precise scale of the losses could not be identified.

Appropriate action has now been taken by the ICT Team to rectify the position.

New and better controls have been put in place and a review of these controls is scheduled to take place imminently to ensure that the arrangements are as robust as possible.

Counter Fraud Activity– Pursue

School Monies

Concerns were identified within a Doncaster school after several recurring discrepancies were noted within the cash being banked by the school totalling approximately £1,000.

Internal Audit worked with the school initially to improve cash handling controls to prevent further cash losses but as work progressed it was identified that school dinner monies, paid through an electronic school meals payment system (Parent Pay), were also similarly affected. A full investigation was launched and findings are now being considered to determine what / whether further action is now warranted.

Care Home Client Fund Administration

Concerns were raised with the management of client funds within a care home for vulnerable adults with learning difficulties. The concerns were that clients' personal monies and the home's shopping budgets were being misused by staff.

Client and home funds were reviewed in detail. Whilst there were some unexplained transactions, these were very minor in nature. The vast majority of the transactions were supported and were in keeping with the needs of the client. Issues were found with missing cash equivalent vouchers totalling £175 (35 x £5 vouchers were unaccounted for).

No responsible individual could be identified from the work undertaken but improvements in controls, the recording and checking of purchases and cash management were made to help prevent further losses and further allegations and ensure all staff were fully aware of their obligations in this respect.

Other Activity

Fraud and Error Reduction Incentive Scheme

FERIS is a Government incentive for local councils to reduce the amount of fraud and error within in Housing Benefit cases.

The incentive ran till March 2017.



Key Statistics

2 incentive payments generated totalling £15,774

Each local authority was given a target rate (baseline) of savings to achieve and financial incentives were available for those authorities that exceeded their baseline figures.

The Revenues and Benefits team was successful in exceeding targets and generated 2 incentive payments totalling £15,774 for 2016/17.

Right Benefit Initiative (RBI)

The Right Benefit Initiative replaced FERIS with effect from April 2017. The RBI provides financial support to help councils reduce benefits fraud and error by targeting high risk benefit cases such as those that are calculated based on the earnings of the claimant (as these can fluctuate over time and councils are not always notified of the change in earnings). The monies granted are spent on staff costs to ensure these referrals can be targeted.



Data is provided to the Department for Work and Pensions (DWP) on a monthly basis and is matched to HM Revenue & Customs PAYE (Pay as You Earn) information to identify

mismatches. To date the volume received has far exceeded expectation ranging from **508 to 914** cases referred to Revenues and Benefits per month.

Key Statistics

Referral case load per month	508 to 914
% dealt with within the 4 week target	97%

Cases referred to the Council are expected to be dealt with within 4 weeks. At a recent RBI workshop represented by 13 local councils, Doncaster topped the table of those represented, with 97% of the referrals completed within the required timescales.

Raising Concerns

Concerns about fraud and corruption against the Council are always accepted. This section gives details on how these concerns can be referred in for investigation.



If you have any concerns, please report your suspicions as quickly as possible together with all relevant details. Council would prefer you not to provide information anonymously as any subsequent investigation could be compromised if we cannot contact you to help gain a full understanding of the issues. However, we will still consider anonymous information that is received. All reported suspicions will be dealt with sensitively and confidentially.

Blue Badge Fraud Concerns



Blue Badge misuse can be reported on line on the Doncaster Council website at

<http://www.doncaster.gov.uk/report-it>

Benefits Fraud Concerns



Suspected benefits fraud can be reported on line on the Doncaster Council website at

<http://www.doncaster.gov.uk/report-it>



OR

By telephoning the National Benefits Fraud Hotline on 0800 854 440

Other Fraud Concerns

Other concerns can be reported to using any of the methods outlined in the Whistleblowing Policy or by:



Writing to :-

The Head of Internal Audit, Internal Audit Services,
Civic Office, Waterdale, Doncaster, DN1 3BU

Please mark the envelope "CONFIDENTIAL — TO BE OPENED BY THE ADDRESSEE ONLY".



By telephoning the Council's Fraud Hotline on 01302 862931